

Senate Study Bill 3257 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act establishing a hospital health care access assessment
2 program, providing penalties, providing a future repeal,
3 and including effective date and contingent implementation
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. INTENT OF THE GENERAL ASSEMBLY. It is the intent
2 of the general assembly that the hospital health care access
3 assessment program created in this Act be implemented as a
4 three-year pilot program to determine its efficacy in providing
5 adequate reimbursement to hospitals in the state, reducing the
6 level of uncompensated care and cost-shifting, enhancing the
7 health care workforce, and expanding access to quality health
8 care for low-income and uninsured Iowans. It is the intent of
9 the general assembly that the pilot program be evaluated for
10 such efficacy prior to the program's repeal or continuation.

11 Sec. 2. NEW SECTION. 249M.1 Title.

12 This chapter shall be known as the "*Hospital Health Care*
13 *Access Assessment Program*".

14 Sec. 3. NEW SECTION. 249M.2 Definitions.

15 As used in this chapter, unless the context otherwise
16 requires:

17 1. "*Assessment*" means the hospital health care access
18 assessment imposed pursuant to this chapter.

19 2. "*Department*" means the department of human services.

20 3. "*Net patient revenue*" means all revenue reported by a
21 hospital on the hospital's 2008 Medicare cost report for acute
22 patient care and services, but does not include contractual
23 adjustments, charity care, bad debt, Medicare revenue, or other
24 revenue derived from sources other than hospital operations
25 including but not limited to nonoperating revenue, other
26 operating revenue, skilled nursing facility revenue, physician
27 revenue, and long-term care revenue.

28 4. "*Nonoperating revenue*" means income from activities not
29 relating directly to the day-to-day operations of a hospital
30 such as gains from disposal of a hospital's assets, dividends
31 and interests from security investments, gifts, grants, and
32 endowments.

33 5. "*Other operating revenue*" means income from nonpatient
34 care services including but not limited to tax levy receipts,
35 laundry services, gift shop operations, meal services

1 to individuals other than patients, and vending machine
2 commissions.

3 6. "*Participating hospital*" means a nonstate-owned hospital
4 licensed under chapter 135B that is paid on a prospective
5 payment system basis by Medicare and the medical assistance
6 program for inpatient and outpatient services.

7 7. "*Program*" means the hospital health care access
8 assessment program created in this chapter.

9 8. "*Trust fund*" means the hospital health care access trust
10 fund created in section 249M.4.

11 9. "*Upper payment limit*" means the maximum ceiling imposed
12 by federal regulation on a participating hospital's medical
13 assistance program reimbursement for inpatient services under
14 42 C.F.R. § 447.272 and outpatient services under 42 C.F.R.
15 § 447.321, calculated separately for hospital inpatient and
16 outpatient services, and excluding from the calculation medical
17 assistance program disproportionate share hospital payments.

18 Sec. 4. NEW SECTION. **249M.3 Hospital health care access**
19 **assessment program — termination of program.**

20 1. A hospital health care access assessment is imposed on
21 each participating hospital in this state to be used to promote
22 access to health care services for Iowans, including those
23 served by the medical assistance program.

24 2. The assessment rate for a participating hospital shall be
25 calculated as one and twenty-six one hundredths percent of net
26 patient revenue as specified in the hospital's fiscal year 2008
27 Medicare cost report.

28 3. If a participating hospital's fiscal year 2008 Medicare
29 cost report is not contained in the file of the centers
30 for Medicare and Medicaid services health care cost report
31 information system dated June 30, 2009, the hospital shall
32 submit a copy of the hospital's 2008 Medicare cost report
33 to the department to allow the department to determine the
34 hospital's net patient revenue for fiscal year 2008.

35 4. A participating hospital paid under the prospective

1 payment system by Medicare and the medical assistance program
2 that was not in existence prior to fiscal year 2008, shall
3 submit a prospective Medicare cost report to the department to
4 determine anticipated net patient revenue.

5 5. Net patient revenue as reported on each participating
6 hospital's fiscal year 2008 Medicare cost report shall be
7 the sole basis for the health care access assessment for the
8 duration of the program.

9 6. A participating hospital shall pay the assessment to
10 the department in equal amounts on a quarterly basis. A
11 participating hospital shall submit the assessment amount no
12 later than thirty days following the end of each calendar
13 quarter.

14 7. A participating hospital shall retain and preserve
15 the Medicare cost report and financial statements used to
16 prepare the cost report for a period of three years. All
17 information obtained by the department under this subsection is
18 confidential and does not constitute a public record.

19 8. The department shall collect the assessment imposed and
20 shall deposit all revenues collected in the hospital health
21 care access trust fund created in section 249M.4.

22 9. If the department determines that a participating
23 hospital has underpaid or overpaid the assessment, the
24 department shall notify the participating hospital of the
25 amount of the unpaid assessment or refund due. Such payment
26 or refund shall be due or refunded within thirty days of the
27 issuance of the notice.

28 10. a. A participating hospital that fails to pay the
29 assessment within the time frame specified in this section
30 shall pay, in addition to the outstanding assessment, a penalty
31 of one and five-tenths percent of the assessment amount owed
32 for each month or portion of each month that the payment is
33 overdue. However, if the department determines that good cause
34 is shown for failure to comply with payment of the assessment,
35 the department shall waive the penalty or a portion of the

1 penalty.

2 *b.* If an assessment is not received by the department by
3 the last day of the month in which the payment is due, the
4 department shall withhold an amount equal to the assessment and
5 penalty owed from any payment due such participating hospital
6 under the medical assistance program.

7 *c.* The assessment imposed under this chapter constitutes a
8 debt due the state and may be collected by civil action under
9 any method provided for by law.

10 *d.* Any penalty collected pursuant to this subsection shall
11 be credited to the hospital health care access trust fund
12 created in section 249M.4.

13 11. If the federal government fully funds Iowa's medical
14 assistance program, if federal law changes to negatively impact
15 the assessment program as determined by the department, or if
16 a federal audit determines the assessment program is invalid,
17 the department shall terminate the imposition of the assessment
18 and the program beginning on the date the federal statutory,
19 regulatory, or interpretive change takes effect.

20 Sec. 5. NEW SECTION. **249M.4 Hospital health care access**
21 **trust fund — board.**

22 1. A hospital health care access trust fund is created
23 in the state treasury under the authority of the department.
24 Moneys received through the collection of the hospital health
25 care access assessment imposed under this chapter and any
26 other moneys specified for deposit in the trust fund shall be
27 deposited in the trust fund.

28 2. Moneys in the trust fund shall be used, subject to
29 their appropriation by the general assembly, by the department
30 to reimburse participating hospitals the medical assistance
31 program upper payment limit for inpatient and outpatient
32 hospital services as calculated in this section. Following
33 payment of such upper payment limit to participating hospitals,
34 any remaining funds in the trust fund on an annual basis may be
35 used for any of the following purposes:

- 1 *a.* To support medical assistance program utilization
2 shortfalls.
- 3 *b.* To maintain the state's capacity to provide access to and
4 delivery of services for vulnerable Iowans.
- 5 *c.* To support payments to nonparticipating hospitals under
6 the IowaCare program pursuant to chapter 249J.
- 7 *d.* To fund the health care workforce support initiative
8 created pursuant to section 135.175.
- 9 *e.* To support access to health care services for uninsured
10 Iowans.
- 11 *f.* To support Iowa hospital programs and services which
12 expand access to health care services for Iowans.
- 13 3. The trust fund shall be separate from the general fund
14 of the state and shall not be considered part of the general
15 fund. The moneys in the trust fund shall not be considered
16 revenue of the state, but rather shall be funds of the hospital
17 health care access assessment program. The moneys deposited
18 in the trust fund are not subject to section 8.33 and shall not
19 be transferred, used, obligated, appropriated, or otherwise
20 encumbered, except to provide for the purposes of this chapter.
21 Notwithstanding section 12C.7, subsection 2, interest or
22 earnings on moneys deposited in the trust fund shall be
23 credited to the trust fund.
- 24 4. The department shall adopt rules pursuant to chapter
25 17A to administer the trust fund and reimbursements and
26 expenditures as specified in this chapter made from the trust
27 fund.
- 28 5. *a.* Beginning July 1, 2010, or the implementation date
29 of the hospital health care access assessment program as
30 determined by receipt of approval from the centers for Medicare
31 and Medicaid services of the United States department of health
32 and human services, whichever is later, the department shall
33 increase the diagnostic related groups and ambulatory patient
34 classifications base rates to provide payments to participating
35 hospitals at the Medicare upper payment limit for the fiscal

1 year beginning July 1, 2010, calculated as of July 31, 2010.
2 Each participating hospital shall receive the same percentage
3 increase, but the percentage may differ depending on whether
4 the basis for the base rate increase is the diagnostic related
5 groups or ambulatory patient classifications.

6 *b.* The percentage increase shall be calculated by dividing
7 the amount calculated under subparagraph (1) by the amount
8 calculated under subparagraph (2) as follows:

9 (1) The amount under the Medicare upper payment limit for
10 the fiscal year beginning July 1, 2010, for participating
11 hospitals.

12 (2) The projected expenditures for participating hospitals
13 for the fiscal year beginning July 1, 2010, as determined by
14 the fiscal management division of the department, plus the
15 amount calculated under subparagraph (1).

16 6. For the fiscal year beginning July 1, 2011, and for
17 each fiscal year beginning July 1, thereafter, the payments to
18 participating hospitals shall continue to be calculated based
19 on the upper payment limit as calculated for the fiscal year
20 beginning July 1, 2010.

21 7. Reimbursement of participating hospitals shall
22 incorporate the rebasing process for inpatient and outpatient
23 services for state fiscal year 2012. However, the total amount
24 of increased funding available for reimbursement attributable
25 to rebasing shall not exceed four million five hundred thousand
26 dollars for state fiscal year 2012 and six million dollars for
27 state fiscal year 2013.

28 8. Any payments to participating hospitals under this
29 section shall result in budget neutrality to the general fund
30 of the state.

31 9. *a.* A hospital health care access trust fund board is
32 established consisting of the following members:

33 (1) The co-chairpersons and the ranking members of the
34 joint appropriations subcommittee on health and human services.

35 (2) The Iowa medical assistance program director.

1 (3) Two hospital executives representing the two largest
2 private health care systems in the state.

3 (4) The president of the Iowa hospital association.

4 (5) A representative of a consumer advocacy group, involved
5 in both state and national initiatives, that provides data on
6 key indicators of well-being for children and families in order
7 to inform policymakers to help children and families succeed.

8 *b.* The board shall do all of the following:

9 (1) Provide oversight of the trust fund.

10 (2) Make recommendations regarding the hospital health care
11 access assessment program, including recommendations regarding
12 the assessment calculation, assessment amounts, payments to
13 participating hospitals, and use of the moneys in the trust
14 fund.

15 (3) Submit an annual report to the governor and the general
16 assembly regarding the use and expenditure of moneys deposited
17 in the trust fund.

18 *c.* The department shall provide administrative assistance
19 to the board.

20 **Sec. 6. NEW SECTION. 249M.5 Future repeal.**

21 This chapter is repealed June 30, 2013.

22 **Sec. 7. DIRECTIVE TO DEPARTMENT OF HUMAN SERVICES.** Upon
23 enactment of this Act, the department of human services shall
24 request any waivers or medical assistance state plan amendments
25 necessary to implement this Act from the United States
26 department of health and human services.

27 **Sec. 8. CONTINGENCY PROVISIONS.**

28 1. The hospital health care access assessment created in
29 this Act shall not be imposed retroactively prior to July 1,
30 2010.

31 2. The assessment shall not be collected until the
32 department of human services has received approval of the
33 assessment from the centers for Medicare and Medicaid services
34 of the United States department of health and human services.

35 **Sec. 9. EFFECTIVE UPON ENACTMENT AND CONTINGENT**

1 IMPLEMENTATION. This Act, being deemed of immediate
2 importance, takes effect upon enactment. However, the
3 department of human services shall only implement this Act if
4 the department receives approval of the requests relating to
5 waivers and medical assistance state plan amendments necessary
6 to implement this Act.

7 EXPLANATION

8 This bill establishes the hospital health care access
9 assessment program. The bill provides definitions, including
10 for "participating hospital", which means a nonstate owned
11 licensed hospital that is paid on a prospective payment
12 system basis by Medicare and Medicaid. The bill provides that
13 a participating hospital in the state shall be assessed a
14 hospital health care access assessment to be used in promoting
15 access to health care services for Iowans, including those
16 served by the medical assistance program. The bill establishes
17 the methods for calculating the assessment and reimbursement
18 to the participating hospitals. The bill specifies the
19 process for a participating hospital to pay the assessment to
20 the department of human services (DHS) on a quarterly basis.
21 Revenues collected are to be deposited in the hospital health
22 care access trust fund created in the bill. The bill provides
23 for repayment of overpaid assessments as well as for payment of
24 unpaid assessments, penalties for nonpayment of the assessment,
25 and withholding of medical assistance payments as a means of
26 collecting unpaid assessments. Any penalties collected are to
27 be credited to the hospital health care access trust fund.

28 The bill provides that if the federal government fully funds
29 Iowa's medical assistance program, if federal law changes to
30 negatively impact the assessment program as determined by DHS,
31 or if a federal audit determines the assessment program is
32 invalid, DHS shall terminate the imposition of the assessment
33 and the program beginning on the date the federal statutory,
34 regulatory, or interpretive change takes effect.

35 The bill establishes the hospital health care access trust

1 fund and provides for the use of the moneys in the trust fund,
2 subject to their appropriation by the general assembly to
3 DHS, to reimburse participating hospitals for inpatient and
4 outpatient hospital services. Following this payment the
5 remaining moneys, on an annual basis, may be used for: support
6 of medical assistance program utilization shortfalls; to
7 maintain the state's capacity to provide access to and delivery
8 of services for vulnerable Iowans; payments to nonparticipating
9 hospitals under the IowaCare program; funding of the health
10 care workforce support initiative created pursuant to Code
11 section 135.175; supporting access to health care services
12 for uninsured Iowans; or supporting Iowa hospital programs
13 and services which expand access to health care services
14 for Iowans. The department is directed to adopt rules to
15 administer the trust fund and reimbursements and expenditures
16 made from the trust fund.

17 The bill also establishes a hospital health care access
18 trust fund board and specifies the board membership and duties.

19 The Code chapter is repealed June 30, 2013.

20 The bill includes directives to DHS to request any waivers
21 or medical assistance state plan amendments necessary to
22 implement the bill and provides that the bill takes effect
23 upon enactment, but shall only be implemented if DHS receives
24 approval of the requests relating to waivers and medical
25 assistance state plan amendments necessary to implement the
26 bill. Additionally, the bill prohibits the assessment from
27 being imposed retroactively prior to July 1, 2010, and from
28 being collected until DHS has received necessary federal
29 approval.